

Message Text

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PAGE 01 BONN 17310 01 OF 02 222143Z

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 DODE-00 NRC-05 NSAE-00 TRSE-00

ERDA-05 CIAE-00 COME-00 MC-02 /032 W

----- 090646

R 221745Z OCT 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3801

INFO AMEMBASSY LONDON

USMISSION EC BRUSSELS

AMCONSUL MUNICH

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 17310

E.O. 11652: N/A

TAGS: ETRD, EIND, BEXP, GW, UK

SUBJ: UNIVERSITY OF MUNICH COMPUTER PROCUREMENT

REF: BONN 16642

1. SUMMARY: FRG MINISTERIAL CONTACTS HAVE AT EMBASSY BEHEST INVESTIGATED CONTROL DATA CORPORATION FEARS THAT IT BEING SQUEEZED OUT OF MUNICH UNIVERSITY COMPUTER SALE THROUGH PRESSURE BEING EXERTED BY UK GOVERNMENT IN FAVOR OF ICL COMPETITIVE MODEL. WE ARE ADVISED THAT ALTHOUGH MATTER NOT YET RESOLVED CDC WILL IN ALL LIKELIHOOD GET CONTRACT. GERMAN MINISTRY OF RESEARCH AND TECHNOLOGY APPARENTLY EAGER TO COMMIT FUNDS SOONEST RATHER THAN SEE PROJECT SCRAPPED BY ECONOMY-MINDED ADMINISTRATION, AND AS CDC APPARENTLY ONLY ENTRANT IN FIELD WITH SUITABLE EQUIPMENT CURRENTLY AVAILABLE IT LOOKS LIKE WINNER. END SUMMARY.

2. WE HAVE RAISED ISSUE OF COMPUTER PROCUREMENT FOR THE LEIBNITZ COMPUTER CENTER OF THE UNIVERSITY OF MUNICH WITH APPROPRIATE OFFICIALS IN BOTH ECONOMICS MINISTRY AND FORNOFFICE. NEITHER WAS AWARE OF A PROBLEM AT THE TIME SUBJECT WAS RAISED; HOWEVER BOTH

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PAGE 02 BONN 17310 01 OF 02 222143Z

PROMISED TO MAKE INVESTIGATIONS AND LET US KNOW HOW THE

MATTER STOOD. BOTH HAVE REPORTED THAT MATTER IS APPARENTLY NOT SO DIRE AS CONTROL DATA CORPORATION (CDC) OFFICIALS LED US TO BELIEVE DURING THEIR VISIT (REFTEL) TO THE EMBASSY.

3. FORNOFF OFFICIAL RESPONSIBLE FOR INTERNATIONAL RESEARCH AND TECHNOLOGY MATTERS, STECH, REPORTED THAT, ALTHOUGH THERE WAS SOME QUESTION RAISED IN FRG GOVERNMENTAL CIRCLES ABOUT THE VOLUME OF BUSINESS GOING TO AMERICAN COMPUTER FIRMS, BOTH THE GERMAN END-USER IN THE MUNICH PROJECT, THE BAVARIAN ACADEMY OF SCIENCES, AND THE TECHNICAL BODY WHICH SUPERVISED THE COMPETITION WHICH RESULTED IN THE RECOMMENDATION FOR THE CDC ENTRY, THE GERMAN RESEARCH SOCIETY (DFG), AGREED THAT CDC'S COMPUTER SHOULD BE SELECTED AS THE ONE BEST-SUITED TO THE NEEDS OF THE INSTITUTE. STECH INDICATED THAT SINCE THE MINISTRY OF RESEARCH AND TECHNOLOGY WAS SUPPLYING 85 PERCENT OF THE FUNDS, ITS AGREEMENT WAS ESSENTIAL. HE SAID, HOWEVER, THAT CONTACTS OF HIS IN THIS MINISTRY HAD ASSURED HIM THAT THE DECISION WOULD BE MADE IN KEEPING WITH THE RECOMMENDATIONS OF THE DFG AND WOULD NOT, RPT NOT, BE SUBJECT TO POLITICAL PRESSURES OR BE GOVERNED BY A "BUY EUROPEAN" CAMPAIGN.

4. ECONMIN FOREIGN TRADE REGULATION OFFICIAL, HAASE, HAD BASICALLY SAME STORY TO REPORT, ADDING ONLY THAT HE HAD BEEN INFORMED THAT BRITISH ENTRY HAD BEEN WITHDRAWN BY ICL AND THAT A JAPANESE-AMERICAN CONSORTIUM - FUJITSU/AMDAHL - WAS SEEKING TO REOPEN THE COMPETITION. THE FUJITSU-AMDAHL ENTRY WOULD BE AN AMERICAN DESIGNED, JAPANESE MANUFACTURED COMPUTER WHICH WOULD UTILIZE SIEMENS SOFTWARE AND BE INSTALLED AND MAINTAINED BY SIEMENS. HAASE EXPRESSED VIEW THAT FACT THAT A GERMAN FIRM, SIEMENS, WOULD HAVE A "PIECE OF THE ACTION" WOULD NOT HAVE ANY DECISIVE INFLUENCE WITHIN THE DFG AND THAT AMERICAN ENTRY WOULD GET CONTRACT. HAASE DID NOT SPECIFY CDC AS THE AMERICAN ENTRY, AND GAVE THE IMPRESSION THAT IBM WAS STILL AN ACTIVE POSSIBILITY. EMBOFF, LIMITED OFFICIAL USE

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PAGE 03 BONN 17310 01 OF 02 222143Z

SPEAKING WITH IBM-GERMANY OFFICIALS RECENTLY, LEARNED THAT IBM HAD WITHDRAWN FROM THIS PARTICULAR COMPETITION RELATIVELY EARLY ON PROFIT MARGIN GROUNDS.

5. THERE HAS BEEN SOME LIMITED PRESS REPORTING IN RECENT WEEKS REFLECTING ON AMERICAN COMPUTER SUCCESSES IN GERMANY. "WIRTSCHAFTS WOCHEN", FOR EXAMPLE, REPORTED IN ITS OCTOBER 10 ISSUE THAT DESPITE ASSERTIONS BY MINISTER OF RESEARCH AND TECHNOLOGY

MATTHOFER THAT THE GERMAN COMPUTER INDUSTRY WAS
TO BE AIDED AGAINST FOREIGN COMPETITION, AMERICAN
COMPANIES WILL RECEIVE ADDITIONAL ORDERS FOR LARGE-

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PAGE 01 BONN 17310 02 OF 02 222141Z

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LIMITED OFFICIAL USE SECTION 02 OF 02 BONN 17310

SCALE COMPUTER INSTALLATIONS IN GERMAN RESEARCH
FACILITIES. AMONG THE ORDERS CITED BY "WIRTSCHAFTS
WOCHE" WAS A DM30,000,000 SYSTEM FOR LEIBNITZ
COMPUTER CENTER IN MUNICH, A CONTRACT VERY LIKELY
TO GO TO IBM (SIC) BECAUSE DESPITE THE MILLIONS
PROVIDED BY BONN RESEARCH PROMOTIONAL FUNDS, THE
GERMAN INDUSTRY CANNOT AT THE PRESENT TIME DELIVER
QUALITY LARGE-SCALE COMPUTERS. THE ARTICLE CONCLUDES
THAT THE MINISTRY OF RESEARCH AND TECHNOLOGY IS
ANXIOUS TO COMMIT THE FUNDS QUICKLY BEFORE THE FEDERAL
FINANCE MINISTER, HANS APEL, CUTS THEM OFF.

6. CDC OFFICIALS HAD TOLD US DURING THEIR VISIT THAT
THE FUNDS WILL HAVE TO BE COMMITTED BEFORE THE END
OF OCTOBER, THUS IT WOULD SEEM AS THOUGH THE CONTRACT
MUST NECESSARILY GO TO AN AMERICAN FIRM SINCE NONE
OTHER APPEARS TO BE ABLE TO DELIVER THE SPECIFIED
INSTALLATION. WHETHER THIS AMERICAN FIRM IS CDC OR
IBM SEEMS STILL TO BE OPEN TO SOME QUESTION, ALTHOUGH

INDICATIONS SUGGEST IT IS CDC, ESPECIALLY SINCE IBM OFFICIALS HAVE INDICATED IN ANOTHER CONTEXT THAT THEY WERE NOT IN THE COMPETITION FOR THE LEIBNIZ PROJECT ANY LONGER.

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PAGE 02 BONN 17310 02 OF 02 222141Z

7. WE HAVE RELAYED TO CDC EUROPEAN OFFICIALS GIST OF THE INFORMATION WE HAVE OBTAINED FROM OUR FRG MINISTERIAL CONTACTS. CDC STILL DOES NOT FEEL IT IS OUT OF THE WOODS, AND WILL REMAIN ON THE DEFENSIVE UNTIL THE CONTRACT IS SIGNED. NEVERTHELESS, IT WOULD APPEAR FROM THIS PERSPECTIVE THAT THEY HAVE A CLEAR TRACK AND EVERY LIKELIHOOD OF GETTING THE CONTRACT. HILLENBRAND

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